

# STATE OF MONTANA BENEFIT PLAN

## Retirement FAQ

### **Do you qualify for State Plan retiree benefits?**

If you are enrolled on the State of Montana Benefit Plan (State Plan) **AND** if you are eligible, at the time you leave active State employment, to receive a monthly retirement benefit under the applicable provisions of a State retirement system:

- You (and your covered dependents) are eligible to continue coverage with the State Plan during your retirement.
- Eligibility for the State Plan is not affected by the type of retirement distribution you elect (if you are on a defined contribution retirement plan, whether or not you draw a monthly benefit, elect the lump sum distribution, or postpone withdrawal of your benefit).
- You are eligible for State Plan benefits until your death (see FAQ below for dependent coverage).

### **When does your employee State Plan coverage end?**

Your State Plan coverage will end the last day of the month in which you are employed. However, if you have been continuously covered under the State Plan since August 1, 1998, you are entitled to an additional month of the employer contribution and State Plan coverage (you will be responsible for the employee portion of contributions). This is referred to as the “grandfathered” month.

### **What coverage do you keep if you elect the State Plan retiree benefits?**

If you are not Medicare eligible, you will be required to continue coverage for medical, dental and basic life. If you are Medicare eligible, you will be required to continue medical coverage, dental coverage will be optional, and you will no longer be eligible for basic life. Regardless of Medicare eligibility, you will be eligible to continue vision hardware coverage. All other life insurance or long-term disability coverage ends when your employee coverage terminates.

### **Can your spouse/domestic partner and/or dependent children remain on the State Plan when you retire?**

If you are enrolled as a retiree on the State Plan, your eligible spouse/domestic partner and/or children (until age 26) can remain covered on the State Plan. In the event you pass away, your surviving dependents are eligible to remain on State Plan benefits until they become eligible for another group health plan or they pass away.

### **What if you or your spouse/domestic partner is Medicare eligible?**

If you elect State Plan retiree benefits, and if you or your spouse/domestic partner are eligible for Medicare (regardless of age), the State Plan will become a secondary payor to Medicare. State Plan retiree rates for Medicare eligible members are less expensive than those for non-Medicare members.

### **Will you or your spouse/domestic partner be eligible for a Medicare Supplement at a later date if you choose to elect State Plan retiree benefits?**

Yes. The State Plan is a creditable coverage plan and if you and/or your spouse/domestic partner elect State Plan retiree coverage and are Medicare eligible, you will have an opportunity for guaranteed issuance of a Medicare Supplement in the event you terminate State Plan coverage at a later date. Guaranteed Issuance refers to an Insurer’s requirement to sell a product to a customer regardless of health status, age, or gender. Medicare Supplements have guaranteed issuance as long as you enroll in a Medicare Supplement within the first 6 months from when you become Medicare eligible OR within the first 6 months of terminating State Plan retiree benefits.



### **What is the cost of State Plan retiree benefits?**

As a retiree, you are no longer eligible for the employer contribution towards State Plan benefits. Therefore, you will be responsible for the full cost of coverage. State Plan retiree benefit rates can be found at [www.benefits.mt.gov/Resources/Rates](http://www.benefits.mt.gov/Resources/Rates).

### **How do you pay your retiree benefit contributions?**

You will be prompted to indicate your method of payment when you complete your online enrollment for retiree benefits. Payment options include prepayment for the current plan year from your final paycheck, electronic deduction from a checking or savings account, or automatic deduction from MPERA retirement benefits. For more information, please go to our website at <http://benefits.mt.gov/Retirees/Pre-Retirement>

### **If you DO NOT elect State Plan retiree benefits when you retire, can you elect coverage at a later date?**

No. If you do not elect State Plan retiree benefits within 60 days of terminating from your active employment, you will not have an option to come back to the State Plan at a later date.

### **What happens to your life insurance when you retire?**

If you elect State Plan retiree benefits and are **not Medicare eligible**, you will remain enrolled on the basic life insurance coverage (\$14,000), but all other life insurance (optional, ADD, and dependent) will be terminated. If you elect State Plan retiree benefits and **are Medicare eligible**, all life insurance coverage (basic, optional, ADD, and dependent) will be terminated.

When you lose eligibility for group life insurance coverage you are eligible to port or convert your life insurance coverage to an individual policy with the Standard Life Insurance Company by making application to the Standard. The deadline to apply and pay premium for portability is 31 days after employment terminates. For conversion, the deadline to apply and pay premium is 31 days after coverage was reduced or ended. To port or convert your life insurance coverage, contact the Standard Life Insurance Company at (800) 378-4668.

### **What will you receive from HCBP when you retire?**

You will receive two packets of information. One packet will come from Allegiance and will contain information regarding COBRA. COBRA allows you and/or your covered dependents to continue State Plan coverage for 18 months with rates similar to those that are applicable to active employees. The other packet will come from HCBP and will include information regarding your State Plan retiree benefits, which you are eligible for until your death. The booklet included in this packet includes detailed instructions on how to enroll online through the HCBP eligibility system within 60 days of leaving active employment, coverage information, and rates.

Be aware that the two continuation options are very different (COBRA vs. State Plan retiree benefits) and you will want to be sure you elect the applicable coverage that best fits you and your dependents needs.

### **What should you do before you retire to prepare?**

Make sure you review all health insurance options available in the market, many State employees have had State Plan coverage for years and don't realize there are other coverage options available during retirement. State Plan retiree benefit information can be found on the Health Care & Benefits Division (HCBP) website, [www.benefits.mt.gov](http://www.benefits.mt.gov), including information regarding eligibility, coverage, and rates. If you decide to elect State Plan retiree benefits, make sure you do so within 60 days of leaving your active employment.

You will also want to make sure your agency has your current address, phone number and personal email address. HCBP mails and/or emails numerous plan communications, and we don't want you to miss anything!

This FAQ may help you as you consider retirement. ***This FAQ is not comprehensive and is only intended to provide a starting point for further research about your retirement plans and options. You are responsible for all aspects of the retirement process and are encouraged to seek the advice of your insurance agent, accountant, financial advisor and/or legal counsel.***

